

IMPACT OF ORGANISATIONAL INITIATIVES ON INTERNAL BRANDING – EVIDENCE FROM INDIAN IT ORGANISATIONS IN BANGALORE

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ABSTRACT

It is argued that the success of internal brand building depends on the ability to leverage the organizational initiatives. This paper explores the perspectives on the impact of these organizational initiatives, namely, Internal Communications, Leadership, Training, Recruitment and Rewards and Recognition on the components of internal branding. The aim of this paper is to ascertain the organizational initiatives of internal branding and to determine the impact of each of the organizational initiatives on the components of internal branding. It empirically assesses the organizational initiatives and the components of internal branding. To achieve its objectives, a quantitative survey conducted with 400 employees from the top ten IT companies in Bangalore, was carried out. It proved statistically that the impact of organizational initiatives on each Internal Branding Component is significant. The implication of this study is that the management can make use of the organizational initiatives to directly shape the cognitive, affective and behavioral components of internal branding.

KEYWORDS: Internal Branding, Organizational Initiatives, Internal Communications, Leadership, Training, Recruitment, Rewards and Recognition, Brand Identification, Brand Commitment, Brand Loyalty, Brand Citizenship Behavior

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INTRODUCTION

Internal branding is increasingly prevalent as some researchers have resolved that it is one of the valuable competitive advantages that a company has. The brand image anticipated by the organization can be realized only by employees who portray or characterize the organization and the task of getting employees to reflect the organization's brand image and deliver on its promises is a challenge for the business. It has collected both managerial and research attention that focuses on addressing this challenge (Miles & Mangold, 2004). The behavior and attitudes of employees, especially those in the frontline, not only affect external stakeholders but also shape the organization's brand and reputation in the eyes of the public and other stakeholders. (Punjaisri and Wilson, 2007; Bergstrom, Blumenthal and Crothers, 2002).

However, there is no consensus on what internal branding is, especially, how it is initiated and its positive consequences. Hence, the employee branding construct is still not completely conceptualized. In spite of the growing popularity of the concept of internal branding in aligning employees' brand behavior, not much is known of the relationship between internal branding practices and employees' brand behavior. The dearth of research in this area also limits the understanding of what is the appropriate employee behavior that could enhance the organization's brand performance. (Shaari, Hasnizam et al (2012). Internal branding practices consists of initiatives, which in turn leads to brand supporting behaviors. (Heggde and Tampa (2017).

A conceptual model of the employee branding process was proposed whereby the employee branding is driven by the messages employees receive and the mechanisms within employees' psyches that enable them to make sense of those messages (Miles & Mangold, 2004). It has been revealed that employees are cognizant of the efforts put in by the management towards internal branding (Patlal & Debyani, 2012).

It has been recognized that ICC practices and brand training have a positive impact on communication satisfaction that further promotes a sense of brand identification, loyalty and commitment among the employees. The specific role of ICC in achieving communication satisfaction and internal branding outcomes has been studied. (Sharma & Kamalanabhan, 2011) .By involving HR in internal branding projects, firms can better use internal communications to give employees a deeper understanding of the brand and the role that they play in enhancing the brand image (Timothy & Terrence, 2005). Firms should make an extra effort to communicate brand-specific information to frontline employees if they desire brand-consistent performance that is observable to managers and customers alike (Baker, Thomas L. et al(2014).

From research findings about the role of leadership, it is argued that the success of internal brand building depends on the ability to leverage cognitive, affective, and communicative differences amongst culturally-diverse employees. It helps to build passion, commitment and organizational identification amongst employees, ultimately responsible for successful brands (Vallaster & De Chematony, 2005).

Rising competition in the global business environment compels the organizations to develop a competitive advantage over other organizations and to combat this situation, the corporates are now positioning themselves as brands not only to sell their products but even to recruit new talents and to retain the best employees with them (Chitramani& Deepa, 2013). There is a value congruence between the candidates, the organizations, and the brand. Recruitment based on the level of value congruence and then, training and development programmes are essential to enhance employee performance and to bring consistency to the external brand experience. (Punjaisri&Wilson,2007).

HR management practices such as recruitment policies, performance appraisal, and training need to be aligned with brand values to avoid sending conflicting messages and this study looks at the relationship between specific HR internal branding activities. (Aurand et al, 2005).

The factors identified as important internal branding methods adopted in the bank are recruitment practices, leadership practices, and training support. (Patlal & Debyani, 2012).

For internal branding initiatives, Human Resource professionals are mostly immersed in a matter of compensation, employee attributes, and behaviors and recruitment. (Groom & Oddie, 2008). To maintain brand standards, an organization should reward employees accordingly. Effective reward and recognition schemes can enhance employee motivation and commitment. When the right employees are kept satisfied, the organization tends to retain the best people

facilitating superior performance. The employees considered rewards and recognitions as a part of internal branding. (Patlal & Debyani, 2012). The messages emanating from the organization's message systems should be proactively designed to reflect the desired brand image, as well as the behaviors and attitudes the organization expects and rewards. (Miles & Mangold, 2005).

This paper explores the perspectives on the main drivers of internal branding, the internal branding initiatives which bring about internal branding, based on past research. It then empirically assesses the impact of each of these initiatives on the components of internal branding. To achieve its objectives, a quantitative survey conducted with 400 employees from the top ten IT companies in Bangalore, was carried out.

The Objectives of the Paper are as Follows

- To ascertain the organizational initiatives of internal branding
- To determine the impact of each of the organizational initiatives on the components of internal branding

METHODOLOGY

Purpose: The purpose of this paper is to explore the perspectives of the main drivers of internal branding, the internal branding initiatives which bring about internal branding, based on past research. It empirically assesses the impact of the internal branding initiatives on the components of internal branding.

Design/Methodology Approach: On a survey basis, a quantitative survey was carried out with 400 employees from the top 20 IT companies in Bangalore. (<http://old.nasscom.in/industry-ranking#serv2>)

Sample: The hypothesis was tested from the data collected from 400 employees from the top 20 IT companies in Bangalore. Quota sampling was used. The response rate was 80% (500 questionnaires were sent to get 400 responses). The high response rate was due to the fact that most of the data were collected through references.

Limitations

This study was conducted on the IT industry, which is one among several types of industries in the service sector. Each service industry has specific characteristics which may not be shared by the other service industries. Therefore, the findings of this study cannot be generalized to other service industries too. Replicating the relationships of the variables studied and tested in this study can be made in other service industries and cultural contexts. This will help in clarifying the conditions for the generalizations in other parts of Asia as well. Also, longitudinal data will help in furthering the understanding of the variables in this study.

METHODS

Measures for the key constructs were developed from prior literature. The nine - item scale of brand identification was adapted from Brand identification (Adapted from Herrbach et al,2004; Mael and Ashforth,1992; O'Reilly and Chatman,1986; Shamir et al, 1998). The scale used by Mohr et al (1996) was adopted by this study to measure employees' brand commitment. The scale given by Boselie & Van der Wiele (2002) is used to measure the loyalty of employees to the brand. The twelve-item scale of brand citizenship behavior of this study was adapted from Chang et al (2012), which was refined from a procedure of scale development (Hinkin,1998). The scale for Internal Communication and GM was adapted from Internal Corporate Communications (Adapted from Sharma & Kamalanabhan, 2012; Aurand et al, 2005; Miles &

Mangold, 2004; Miles & Mangold, 2005; McLaverty et al, 2007). The scale for leadership was built on variables from Chiang et al (2013) and Vallaster & De Chematony, (2005), recruitment built on the variables from Chiang et al (2013), Training and orientation adopted from Javanmard & Ensiyeh (2011) and Rewards and Recognitions from variables taken from McLaverty et al (2007).

All construct items include five-point Likert scales ranging from “strongly disagree” to “strongly agree” as it is a commonly used scale for measuring attitudes (Kinnear and Taylor, 1996) and respondents understand how to use the scale (Malhotra and Birks, 2000).

DATA ANALYSIS

Hypothesis

Organization initiatives have an impact on Internal branding among the Employees of Indian IT companies

Descriptive statistics of Measures used

Table 1

	Mean	Stdev.	1	2	3	4	5	6	7	8	9	10
1 Int Comm	4.07	0.52	1									
2 Leadership	3.7	0.65	0.82	1								
3 Recruitment	4.08	0.53	0.78	0.79	1							
4 Training	4.05	0.57	0.82	0.78	0.85	1						
5 Reward Recog	4.13	0.54	0.83	0.76	0.83	0.87	1					
6 Brand Understanding	4.31	0.55	0.70	0.69	0.68	0.68	0.72	1				
7 Brand Identification	3.91	0.31	0.03	0.05	0.00	0.02	0.03	0.29	1			
8 Brand Commitment	4.15	0.46	0.69	0.67	0.68	0.68	0.68	0.79	0.25	1		
9 Brand Loyalty	3.83	0.53	0.74	0.69	0.66	0.64	0.63	0.66	0.03	0.60	1	
10 BCB	4.08	0.5	0.84	0.85	0.82	0.80	0.81	0.74	0.02	0.71	0.79	1

The above table shows the correlation outcome, among the constructs used in the model. The first dimensions measured are the Organizational initiatives and the next five dimensions measured are components of Internal Branding among the Indian IT employees in Bangalore. The Mean shows that the agreement is very high. Most of the dimensions attained a score which is more than 4, and the correlation shows the relation among each pair of dimensions.

Measurement Validation

The authors followed the standard approach to assess the convergent validity for modeled constructs namely Organizational Initiatives and Internal Branding. An item was eliminated if the statistics suggested it did not belong to a measure and if another retained indicator conveyed the same aspect of the construct. A total of 78 items was retained for further analysis (see Table).

The internal validity of the measurement model was examined by calculating the composite reliability and average variance extracted (AVE) (Fornell & Larcker, 1981). All the composite reliabilities were well above the recommended 0.7 (Nunnally & Bernstein, 1994). The AVE represents the amount of variance captured by the construct's measures relative to measurement error and the correlations among the latent variables (Bagozzi & Yi, 1988). In this study, the AVE of each measure extracted is greater than or equal to 50% of the variance. The internal validity of the measurement model appears to be reasonably adequate.

The discriminant validity of the measures was examined in two ways. The discriminant validity of each construct was evidenced by each indicator loading higher on the construct of interest than on any other variable.

Outer Model – Organizational Initiatives

Table 2

		Outer Model			
	Items	Factor loadings	Cronbach alpha	CR	AVE
Internal Corporate Communications	v51r	0.75	0.929 (15 items)	0.939	0.511
	v52r	0.72			
	v53r	0.82			
	v54r	0.75			
	v55r	0.48			
	v56r	0.43			
	v57r	0.67			
	v58r	0.66			
	v59r	0.75			
	v60r	0.73			
	v61r	0.8			
	v62r	0.82			
	v63r	0.67			
	v64r	0.74			
	v65r	0.79			
Leadership			0.812 (5 items)	0.87	0.562
	v67r	0.87			
	v68r	0.81			
	v69r	0.63			
	v70r	0.57			
Recruitment	v71r	0.82	0.909 (4 items)	0.936	0.785
	v72r	0.88			
	v73r	0.88			
	v74r	0.9			
	v75r	0.88			
Training			0.93 (8 items)	0.943	0.673
	v76r	0.84			
	v77r	0.78			
	v78r	0.85			
	v79r	0.85			
	v80r	0.86			
	v81r	0.8			
	v82r	0.77			
Rewards & Recognition	v83r	0.81	0.879 (6 items)	0.909	0.627
	v84r	0.85			
	v85r	0.73			
	v86r	0.88			
	v87r	0.65			
	v88r	0.8			
	v89r	0.82			

Outer Model – Components of Internal Branding

Table 3

	Items	Factor loadings	Cronbach alpha	CR	AVE
Brand Understanding	v6r	0.87	0.96 (9 items)	0.966	0.757
	v7r	0.85			
	v8r	0.88			
	v9r	0.87			
	v10r	0.83			
	v11r	0.9			
	v12r	0.87			
	v13r	0.87			
	v14r	0.89			
Brand Identification	v15r	0.83	0.916 (8 items)	0.932	0.616
	v16r	0.75			
	v17r	0.87			
	v18r	0.82			
	v19r	0.66			
	v20r	0.82			
	v21r	0.8			
	v22r	0.7			
Brand Commitment	v23r	0.89	0.66 (4 items)	0.75	0.521
	v24r	0.89			
Brand Loyalty	v27r	0.7	0.817 (7 items)	0.866	0.584
	v28r	0.82			
	v29r	0.59			
	v30r	0.59			
	v31r	0.78			
	v32r	0.49			
	v33r	0.84			
BCB	v34r	0.88	0.962 (12 items)	0.966	0.704
	v35r	0.83			
	v36r	0.91			
	v37r	0.8			
	v38r	0.82			
	v39r	0.86			
	v40r	0.82			
	v41r	0.89			
	v42r	0.81			
	v43r	0.8			
	v44r	0.82			
	v45r	0.83			

RESULTS AND DISCUSSIONS**Impact of Organizational Initiative son Internal Branding**

This section deals with the result of the inner model, which tested the relationship between Organizational initiatives and Internal Branding. Both Organizational initiatives and internal branding are measured by 5 dimensions respectively with reflective indicators. Among the Organizational Initiatives, Internal communication has contributed very highly to the existence of the constructs Organizational initiatives. In a similar way, for Internal Branding, BCB

contributed higher. Perc.025 is the lower limit and perc.975 is the upper limit of Bootstrapped outcome, when both limits are the same sign and the path is statistically significant at 5% level. Except for two paths, Internal Branding->Brand Identification and Internal Branding->Brand Commitment, all other paths are statistically significant.

Table 4

Paths			Original	Mean. Boot	Std. Error	perc.025	perc.975
Org Drivers	->	Internal Communication	0.95	0.95	0.01	0.91	0.97
Org Drivers	->	Leadership	0.88	0.88	0.02	0.83	0.92
Org Drivers	->	Recruitment	0.90	0.90	0.03	0.84	0.94
Org Drivers	->	Training	0.94	0.94	0.01	0.91	0.96
Org Drivers	->	Rewards& Recognition.	0.93	0.93	0.02	0.89	0.95
Org Drivers	->	Internal Branding	0.88	0.88	0.03	0.80	0.93
Internal Branding	->	Brand Understanding	0.90	0.89	0.03	0.82	0.93
Internal Branding	->	Brand Identification	0.21	0.14	0.29	-0.60	0.35
Internal Branding	->	Brand Commitment	0.83	0.66	0.49	-0.84	0.88
Internal Branding	->	Brand Loyalty	0.84	0.84	0.04	0.76	0.91
Internal Branding	->	BCB	0.93	0.94	0.03	0.88	0.98

R square Boot strapped Model

Table 5

	Original	Mean. Boot	Std. Error	perc.025	perc.975
Internal Communication	0.90	0.89	0.03	0.84	0.94
Leadership	0.78	0.78	0.04	0.69	0.85
Recruitment	0.81	0.81	0.05	0.70	0.88
Training	0.88	0.88	0.03	0.82	0.92
Reward & Recogn.	0.86	0.86	0.03	0.79	0.91
Internal Branding	0.77	0.77	0.06	0.64	0.87
Brand Understanding	0.82	0.79	0.05	0.67	0.86
Brand Identification	0.04	0.11	0.09	0.02	0.36
Brand Commitment	0.69	0.67	0.06	0.54	0.78
Brand Loyalty	0.70	0.71	0.06	0.58	0.83
BCB	0.87	0.88	0.05	0.77	0.95

R Square of the Model Showed the Level of Impact of Exogenous on Endogenous Variables

The research results indicate that the impact of Organizational initiatives on each Internal Branding Component is significant. R square is.77, which is good. It appears that all five dimensions, Internal Communication, Leadership, Recruitment, Training and Reward& Recognition measured Organizational drivers, and among these, Internal communication and Training has a higher impact. In a similar way, five dimensions, Brand Understanding, Brand Identification, Brand Commitment, Brand Loyalty and BCB measured Internal Branding, BCB has an R square of.87, which is the highest among the Internal branding constructs.

The implication of this study to management is that it is important that the management takes various internal branding measures to enhance the Internal Branding components, namely Brand Understanding, Brand Identification, Brand Commitment, Brand Loyalty and Brand Citizenship Behavior. They can make use of the organizational initiatives to directly shape the cognitive, affective and behavioral components of internal branding.

Future Research Directions

The findings of this study suggest many more avenues for future research. This study adds to the current knowledge that organizational initiatives an impact on the internal branding of employees. The study looks into the perspectives of the middle level and senior level employees, who are considered to be the key audience of an internal branding programme. Through the literature developed by HR, many individual aspects associated with employee behavior, has been studied. However, there is not much clarity on how emotional bonds are developed between employees and brands. This study has successfully provided empirical evidence showing the link between organizational initiatives and the various components of internal branding.

Model Outcome

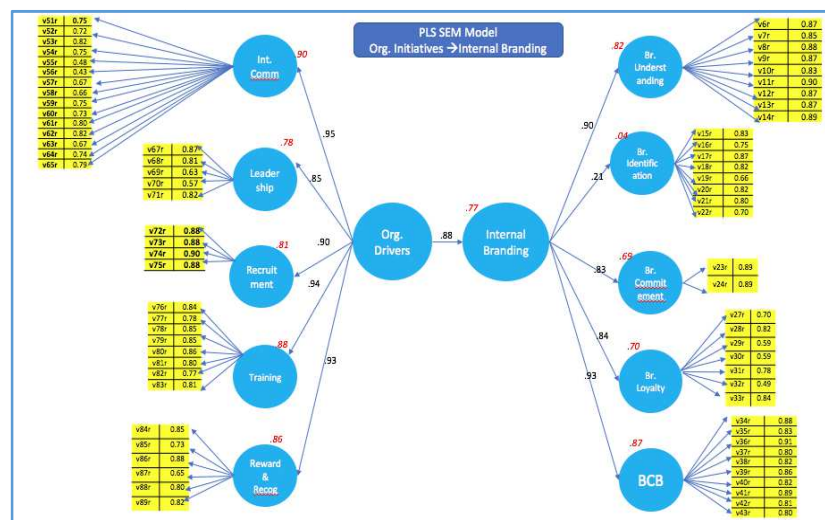


Figure 1

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